

VIA E-MAIL

June 20, 2017

Ontario Energy Board
Attn: Kirsten Walli, Board Secretary
P.O. Box 2319
27th Floor, 2300 Yonge Street
Toronto ON M4P 1E4

RE: EB-2017-0181 Enbridge Gas Distribution QRAM – FRPO Comments

We are writing on behalf of the Federation of Rental-housing Providers of Ontario (“FRPO”) in respect to the Responses to Interrogatories (“IR’s”) filed by Enbridge Gas Distribution on June 16, 2017 and the process to establish just and reasonable rates for the utilities’ commodity-related rates.

Background

In the most recent deferral account disposition proceeding¹, the list of issues was narrowed to topics for which Enbridge requested specific approval. This order narrowed the proceeding in a way that omitted gas supply issues. One of the reasons provided was that there was on-going proceeding where we could bring up gas supply issues. The proceeding identified was the Consultation on the Framework for the Assessment of Distributor Gas Supply Plans, EB-2017-0129. In our respectful submission, that proceeding is a Consultation to provide Board staff input on consideration of the approaches for the assessment of the LDC’s plans. Neither utility is seeking a specific approval of any aspect of their plan nor their respective approaches to the development and approval of their plan.

In our view, until such time as the Consultation concludes, Staff reports and the Board renders a decision which may provide a process whereby each utility receives an approval of their gas supply plan, there is insufficient information about the decisions being made

¹ EB-2017-0102 ENBRIDGE GAS DISTRIBUTION 2016 DEFERRAL DISPOSTION, Procedural Order No.1 issued June 14, 2016

on behalf of ratepayers. This limits the information available to the Board in making a decision in the public interest.

As a result, we took our inquiry to the QRAM process. Respecting the constrained time frames, we submitted our questions June 12th within business hours of the filing of evidence by each utility. We have reviewed Enbridge's responses submitted June 16th and provide the following comments.

Comments

Given the nature of pass through costs for both commodity and transportation, utilities are making economic decisions on behalf of their ratepayers. As ratepayers who are at risk for those decisions, we would desire to examine the process and analysis to ensure that our interests are paramount and choices are made prudently. For the most part, our inquiry into important and current issues such as Dawn LTFP received limited response due to Enbridge's assertion that it could not comply with conditions required by the transporter, TCPL Dawn LTFP is the most recent offering of Long-Term Fixed Price service from Empress to Dawn (10 years, discounted to \$0.77 less than half the current toll for the path). Given that the significant amount of the gas that Enbridge buys on behalf of its system gas program flows through Dawn, we were trying to understand the analysis and rationale behind Enbridge's lack of pursuit of this option. Given Enbridge's admission that they did put in a conditional bid in the first offering, it is disconcerting that the requested analysis was not provided. Our inquiry into the impact of a delayed Nexus pipeline was partially answered in terms of contingency plans but potential cost impact was not provided.

Given the reasons provided and the resulting omission of the analysis, we cannot provide the Board with any material comments at this time and will trust that the Board will ensure these matters are understood and appropriately considered in this and the proceedings to come. We trust that these issues are important to the Board and will be asking about these matters in the October QRAM when the timing and a more specific inquiry may provide the applicant with a better opportunity to provide a more fulsome response.

On the positive side, our review of the Enbridge application revealed an effective summarized version of their gas supply plan, the sources of gas and the forecasted costs of

supply and transportation.² The efficacy of that presentation provided a model for inquiry and understanding of Union Gas' gas supply program in its QRAM proceeding.³ Through the Consultation on the Framework for the Assessment of Distributor Gas Supply Plans, we will be encouraging a comparable and enhanced presentation for Board Staff's consideration of this approach as a constructive contribution to the ability of the Board to make better informed comparisons and decisions in the gas supply area.

Conclusion

We respect that the QRAM process was originally developed to provide an expedited, mechanistic price-setting process for the reasons behind its original establishment. At the same time, given the recent evolution in narrowing the scope of inquiry through limitation of cost-eligible issues, we are concerned that the Board is not able to receive insight into the activities of the utilities in making choices that impact ultimate costs to ratepayers. While we are inhibited from providing the Board with our informed opinion on the merits of the application, we believe that our involvement has been of service to the Board and as such we will be seeking recovery of our reasonably incurred costs in this application.

All of Which is Respectfully Submitted on Behalf of FRPO,



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- c. A. Mandyam, EGDREGULATORYPROCEEDINGS - EGD
L. Gluck, K. Viraney – OEB Staff
Interested Parties – EB-2017-0181
K. Lauesen - FRPO

² Exhibit Q3-3, Tab 1, Schedule 1

³ EB-2017-0185